

IN THE SPECIFICATION

Please amend the specification as follows:

Please replace paragraph [0047] at page 12 with the following amended paragraph:

[0047] In particular, OM99-2 (Glu-Val-Asn-Leu- ψ -Ala-Ala-Glu-Phe (SEQ ID NO:1) [ψ denotes replacement of CONH by (S)--CH(OH)CH₂]) is an aspartyl protease inhibitor that acts as a peptidomimetic tight binding transition-state analogue β -secretase inhibitor. OM99-2 is designed from the template of the β -secretase site of Swedish APP with an Asp to Ala replacement. The OM99-2 compound also includes a nonhydrolyzable hydroxyethylene isostere between the amino acids leucine and alanine (above-described ψ replacement).

Please replace paragraph [0049] at page 13 with the following amended paragraph:

[0049] Two other peptidomimetic β -secretase inhibitors, GL189 (H-Glu-Val-Asn-Statine-Val-Ala-Glu-Phe-NH (SEQ ID NO:2)) and P10-P4'statV (H-Lys-Thr-Glu-Glu-Ile-Ser-Glu-Val-Asn-Stat-Val-Ala-Glu-Phe-OH [Stat=(3S,4S)-Statine] (SEQ ID NO:3)), are substrate analogue BACE inhibitors. GL189 completely blocks the proteolytic activity (at 5 μ M) of β -secretase in solubilized membrane fractions from BACE transfected MDCK cells, and P10-P4'statV (H-Lys-Thr-Glu-Glu-Ile-Ser-Glu-Val-Asn-Stat-Val-Ala-Glu-Phe-OH [Stat=(3S,4S)-Statine] (SEQ ID NO:3)) is a potent inhibitor of APP protein (IC₅₀=30 nM). Stat refers to the unusual amino acid statine ((3S,4S)-4-amino-3-hydroxy-6-methylheptanoic acid), which has become a prototypical hydroxymethylene isostere, and is contained in pepstatin, the naturally occurring peptide produced by various *Streptomyces* species.

Please replace the Sequence Listing of record with the Substitute Sequence Listing submitted herewith.